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RHMFISS/COMUSFK SEOUL KOR PRIORITY  
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C O N F I D E N T I A L SEOUL 002206

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TAGS: [PGOV](#) [PREL](#) [KS](#) [KN](#)  
SUBJECT: ROKG'S CALM REACTION TO DPRK BORDER-RESTRICTION  
ANNOUNCEMENT

Classified By: POL M/C Joseph Y. Yun. Reasons 1.4(b/d)

[11](#). (C) Summary: DPRK authorities announced on November 12 that "rigid limits and blockages" would be placed on land border crossings between South and North Korea as of December [11](#). The ROKG responded through military channels on the morning of November 13 that the announcement was regrettable; that the ROKG remained open to dialogue and respected the June 2000 and October 2007 summit agreements; and that the ROKG was prepared to provide border-area communications equipment to the DPRK immediately. The DPRK's November 12 border restriction announcement followed weeks of DPRK rhetoric warning of drastic action in response to ROK civilian leafleting, and a November 6 unprecedented senior DPRK military visit to the Kaesong Industrial Complex (KIC). On November 13, ROKG and Hyundai Asan officials sought to downplay the importance of the North Korean statement. Even the possibility that the DPRK will close down both KIC and Kaesong City tours, unless the ROKG reaches some accommodation with it during the next few weeks, did not appear to phase our ROKG interlocutors, but they noted that the new prominence of the Korean People's Army in KIC-related developments. END SUMMARY.

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DPRK ANNOUNCEMENT; ROKG PUBLIC REACTION  
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[12](#). (SBU) Pyongyang announced on November 12 that the DPRK "would restrict and cut off" land border crossings between South and North Korea as of December 1. ROKG officials called attention to the fact that the statement was conveyed to the ROK military by the Korean People's Army, acting in the name of the National Defense Commission, seeing this evidence of the KPA's higher profile on KIC. The KCNA report called the December 1 restrictions (not specified) a "first step." The report did not specifically refer to continued leafleting, complaining instead that "confrontation against the Republic (DPRK) by the South Korean puppet authorities -- including the military -- is going over the dangerous level." DPRK domestic evening television news reportedly included an item on the announcement on November 12, saying that it was delivered by the "head of the North side's delegation to the North-South general-level military talks" (Lt. Gen. Kim Yong-chol).

[13](#). (SBU) KCNA also carried on November 12 a statement from the DPRK Red Cross Society Central Committee that it had closed its office at Panmunjom, adding that family reunions would remain suspended. The statement linked this step to the ROKG's planned co-sponsorship of a DPRK human rights resolution in the UN's Third Committee, and warned that "should the South Korean conservative authorities hurt its

(the DPRK's) dignity even a bit and persist in their reckless moves for confrontation with it, it will have no option but to make a crucial decision including the severance of inter-Korean relations."

¶4. (C) On November 12, shortly after Pyongyang's announcement, the ROKG expressed regret at the DPRK announcements on November 12 somewhat blandly: "If the North carries out such measures, it will have a negative impact on efforts to improve inter-Korean relations," MOU spokesman Kim Ho-nyoun said. Minister of Unification Kim Ha-joong told the National Assembly on November 11, in the context of rumors about a KIC shutdown, that the ROKG would make every effort to keep it open. Minister Kim met with KIC business owners on November 13, who reportedly told him that the ROKG should stop the leafleting.

¶5. (SBU) Foreign Minister Yu Myung-hwan, in a November 13 breakfast speech, said that the ROK needed to take its time and analyze the North Korean statement and respond calmly. He also cited the need to step back and look at the big picture of South-North relations.

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ROKG TO DPRK  
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¶6. (C) On November 13, Blue House and MOFAT officials told us, the ROKG responded to the DPRK through military channels that:

-- the November 12 announcement was regrettable;

-- the ROKG remained open to dialogue and "respected" the June 2000 and October 2007 summit agreements, and that discussions should encompass all previous South-North agreements;

-- the ROKG would try to persuade private organizations to stop the leafleting, and,

-- the ROKG was prepared to provide border-area communications equipment to the DPRK immediately.

¶7. (C) Blue House National Security Assistant Secretary to the President for Unification Yu Joon-ha said that the DPRK's November 12 border announcement was intended to shock the ROKG into begging for dialogue, but the ROKG saw it as just another escalation step. He characterized the announcement as calibrated, saying it would result in stricter controls on persons going to KIC as of December 1, possibly eliminating politicians or business people seen as unfriendly. However, he doubted that the DPRK would close all traffic so that KIC would have to close, arguing that the DPRK must recognize that such a step would preclude any further foreign investment in the North. Even if the DPRK did close KIC, the ROKG was prepared to pay the involved ROK companies the "several hundred million dollars" in investment guarantee compensation. He said that the ROKG position was to stick to its principle of offering dialogue with the North but not caving in to DPRK demands as previous governments had done.

¶8. (C) Yu and MOFAT Director of Inter-Korean Affairs Chin Ki-hoon both said that the ROK's provision of border-area communications equipment was important. The equipment, worth about USD 100,000, had been partly delivered before the July 11 Mt. Kumgang shooting, but was placed on hold pending an agreeable resolution to that shooting; now it was being offered without the linkage.

¶9. (C) According to former deputy unification minister Park Chan-bong, now with GNP committee on unification, the closing of all land traffic, assuming Kaesong Industrial Complex is included, would pose a serious burden on both Pyongyang and Seoul. For Seoul, there would be loud complaints from some 80 companies operating in KIC, employing over 30,000 North Korean workers. For Pyongyang, these North Korean workers

would be unemployed, presenting enormous difficulties for the city of Kaesong, where all of them live. We understand that almost one out of two households in Kaesong now has someone working in KIC. This was an aggressive and risky move for the North Koreans, Park said. One way out was for the South Koreans to do "something" about the leaflets before December 1; but that was easier said than done, because South Korean law does not prohibit such activities.

¶10. (C) Ministry of Unification Inter-Korean Exchanges and Cooperation Bureau Deputy Director Kim Seong-hyoun said on November 13 the situation would "require senior-level intervention," but appeared to be cautiously optimistic that KIC would not close. Kim based his optimism on the following elements: the DPRK statement did not contain an immediate evacuation request; sea and air crossings were not mentioned and therefore remained unaffected (NOTE: the ROK imports a considerable amount sand for construction from the DPRK, unconstrained by environmental restrictions, through the west coast shipping route. END NOTE.); and ROK-DPRK military-to-military communication remained open. According to Kim, the Blue House convened a cabinet-level emergency session in the evening of November 12 and drafted the response message above (para. 5).

¶11. (C) Kim believed that if the current situation is not resolved in a timely fashion the DPRK would close KIC before Kaesong City tours because the KIC project offers less profit for North Korea while inflicting more damage on South Korea. If tourism ended, Kim noted, "no one would care but a few civilians," but a shutdown of KIC would raise grave concerns among South Korean businesses. In addition, Kim explained that North Korea received USD 100 per head through Kaesong city tourism, but at KIC received only 15 to 25 percent of each workers monthly salary of about USD 65. Kim said Kaesong tourism remained unaffected, as 240 tourists, transported in seven buses, crossed the border on November 13, a day after the DPRK announcement. Turning to Mt. Kumgang's 10-year anniversary celebrations on November 18, Kim shared that the event would be celebrated quietly, with

about 30 Hyundai Asan employees traveling to Mt, Kumgang to join the maintenance crew who are stationed at the resort.

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HYUNDAI ASAN REACTION  
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¶12. (C) Hyundai Asan Vice President Jang Whan-bin, a frequent Embassy interlocutor about KIC, Kaesong City tours and Mt. Kumgang resorts, the three main inter-Korean projects that his company established and operates, told us on November 13 that he saw the KPA's November 12 announcement as serious because, coming on the heels of the unprecedented military visit to KIC on November 6, it suggested that the KPA was asserting itself about KIC. Previously, he said, KPA officers had been seen at KIC but had never led an official visit to Hyundai Asan's and other offices in the industrial complex. However, Jang said that he did not read the November 12 DPRK announcement as a December 1 border closure.

Instead, civilian traffic to KIC would continue, as would the "completely private" tours to Kaesong City. He also believed that there was time for the ROKG to reach an accommodation with the DPRK before December 1, stressing that the DPRK was leaving itself room for maneuver.

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COMMENT  
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¶13. (C) After months of hostile rhetoric and recent hints about a move against KIC, the November 12 DPRK announcement had little shock value but was still a setback for inter-Korean relations. There are several unknowns: will the restrictions be completed, leading to the closure of KIC; is the ROKG serious in trying to limit leafleting activity; and will the much-needed expansion of KIC proceed? For now at least, the answers seem to be no, no, and not likely

